

(2) \$23,000,000 shall be deposited in the Restoration Fund, of which \$4,000,000 shall be used for remediation in the Central Basin, California.

**SEC. 111. PERCHLORATE.** (a) *IN GENERAL.*—The Secretary of the Army, in cooperation with Federal, State, and local government agencies, may participate in studies and other investigative activities and in the planning and design of projects determined by the Secretary to offer a long-term solution to the problem of groundwater contamination caused by perchlorates.

(b) *INVESTIGATIONS AND PROJECTS.*—

(1) *BOSQUE AND LEON RIVERS.*—The Secretary, in coordination with other Federal agencies and the Brazos River Authority, shall participate under subsection (a) in investigations and projects in the Bosque and Leon River watersheds in Texas to assess the impact of the perchlorate associated with the former Naval "Weapons Industrial Reserve Plant" at McGregor, Texas.

(2) *CADDO LAKE.*—The Secretary, in coordination with other Federal agencies and the Northeast Texas Municipal Water District, shall participate under subsection (a) in investigations and projects relating to perchlorate contamination in Caddo Lake, Texas.

(3) *EASTERN SANTA CLARA BASIN.*—The Secretary, in coordination with other Federal, State, and local government agencies, shall participate under subsection (a) in investigations and projects related to sites that are sources of perchlorates and that are located in the city of Santa Clarita, California.

(c) *AUTHORIZATION OF APPROPRIATIONS.*—For the purposes of carrying out this section, there is authorized to be appropriated to the Secretary \$25,000,000, of which not to exceed \$8,000,000 shall be available to carry out subsection (b)(1), not to exceed \$3,000,000 shall be available to carry out subsection (b)(2), and not to exceed \$7,000,000 shall be available to carry out subsection (b)(3).

**SEC. 112. WET WEATHER WATER QUALITY.** (a) *COMBINED SEWER OVERFLOWS.*—Section 402 of the Federal Water Pollution Control Act (33 U.S.C. 1342) is amended by adding at the end the following:

"(g) *COMBINED SEWER OVERFLOWS.*—

"(1) *REQUIREMENT FOR PERMITS, ORDERS, AND DECREES.*—Each permit, order, or decree issued pursuant to this Act after the date of enactment of this subsection for a discharge from a municipal combined storm and sanitary sewer shall conform to the Combined Sewer Overflow Control Policy signed by the Administrator on April 11, 1994 (in this subsection referred to as the 'CSO control policy').

"(2) *WATER QUALITY AND DESIGNATED USE REVIEW GUIDANCE.*—Not later than July 31, 2001, and after providing notice and opportunity for public comment, the Administrator shall issue guidance to facilitate the conduct of water quality and designated use reviews for municipal combined sewer overflow receiving waters.

"(3) *REPORT.*—Not later than September 1, 2001, the Administrator shall transmit to Congress a report on the progress made by the Environmental Protection Agency, States, and municipalities in implementing and enforcing the CSO control policy."

(b) *WET WEATHER PILOT PROGRAM.*—Title I of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) is amended by adding at the end the following:

**"SEC. 121. WET WEATHER WATERSHED PILOT PROJECTS.**

"(a) *IN GENERAL.*—The Administrator, in coordination with the States, may provide technical assistance and grants for treatment works to carry out pilot projects relating to the following areas of wet weather discharge control:

"(1) *WATERSHED MANAGEMENT OF WET WEATHER DISCHARGES.*—The management of municipal combined sewer overflows, sanitary sewer overflows, and stormwater discharges, on an integrated watershed or subwatershed basis for the purpose of demonstrating the effectiveness of a unified wet weather approach.

"(2) *STORMWATER BEST MANAGEMENT PRACTICES.*—The control of pollutants from municipal separate storm sewer systems for the purpose of demonstrating and determining controls that are cost-effective and that use innovative technologies in reducing such pollutants from stormwater discharges.

"(b) *ADMINISTRATION.*—The Administrator, in coordination with the States, shall provide municipalities participating in a pilot project under this section the ability to engage in innovative practices, including the ability to unify separate wet weather control efforts under a single permit.

"(c) *FUNDING.*—

"(1) *IN GENERAL.*—There is authorized to be appropriated to carry out this section \$10,000,000 for fiscal year 2002, \$15,000,000 for fiscal year 2003, and \$20,000,000 for fiscal year 2004. Such funds shall remain available until expended.

"(2) *STORMWATER.*—The Administrator shall make available not less than 20 percent of amounts appropriated for a fiscal year pursuant to this subsection to carry out the purposes of subsection (a)(2).

"(3) *ADMINISTRATIVE EXPENSES.*—The Administrator may retain not to exceed 4 percent of any amounts appropriated for a fiscal year pursuant to this subsection for the reasonable and necessary costs of administering this section.

"(d) *REPORT TO CONGRESS.*—Not later than 5 years after the date of enactment of this section, the Administrator shall transmit to Congress a report on the results of the pilot projects conducted under this section and their possible application nationwide."

(c) *SEWER OVERFLOW CONTROL GRANTS.*—Title II of the Federal Water Pollution Control Act (33 U.S.C. 1342 et seq.) is amended by adding at the end the following:

**"SEC. 221. SEWER OVERFLOW CONTROL GRANTS.**

"(a) *IN GENERAL.*—In any fiscal year in which the Administrator has available for obligation at least \$1,350,000,000 for the purposes of section 601—

"(1) the Administrator may make grants to States for the purpose of providing grants to a municipality or municipal entity for planning, design, and construction of treatment works to intercept, transport, control, or treat municipal combined sewer overflows and sanitary sewer overflows; and

"(2) subject to subsection (g), the Administrator may make a direct grant to a municipality or municipal entity for the purposes described in paragraph (1).

"(b) *PRIORITIZATION.*—In selecting from among municipalities applying for grants under subsection (a), a State or the Administrator shall give priority to an applicant that—

"(1) is a municipality that is a financially distressed community under subsection (c);

"(2) has implemented or is complying with an implementation schedule for the 9 minimum controls specified in the CSO control policy referred to in section 402(q)(1) and has begun implementing a long-term municipal combined sewer overflow control plan or a separate sanitary sewer overflow control plan; or

"(3) is requesting a grant for a project that is on a State's intended use plan pursuant to section 606(c); or

"(4) is an Alaska Native Village.

"(c) *FINANCIALLY DISTRESSED COMMUNITY.*—

"(1) *DEFINITION.*—In subsection (b), the term 'financially distressed community' means a community that meets affordability criteria established by the State in which the community is located, if such criteria are developed after public review and comment.

"(2) *CONSIDERATION OF IMPACT ON WATER AND SEWER RATES.*—In determining if a community is a distressed community for the purposes of subsection (b), the State shall consider, among other factors, the extent to which the rate of growth of a community's tax base has been historically slow such that implementing a plan de-

scribed in subsection (b)(2) would result in a significant increase in any water or sewer rate charged by the community's publicly owned wastewater treatment facility.

"(3) *INFORMATION TO ASSIST STATES.*—The Administrator may publish information to assist States in establishing affordability criteria under paragraph (1).

"(d) *COST SHARING.*—The Federal share of the cost of activities carried out using amounts from a grant made under subsection (a) shall be not less than 55 percent of the cost. The non-Federal share of the cost may include, in any amount, public and private funds and in-kind services, and may include, notwithstanding section 603(h), financial assistance, including loans, from a State water pollution control revolving fund.

"(e) *ADMINISTRATIVE REPORTING REQUIREMENTS.*—If a project receives grant assistance under subsection (a) and loan assistance from a State water pollution control revolving fund and the loan assistance is for 15 percent or more of the cost of the project, the project may be administered in accordance with State water pollution control revolving fund administrative reporting requirements for the purposes of streamlining such requirements.

"(f) *AUTHORIZATION OF APPROPRIATIONS.*—There is authorized to be appropriated to carry out this section \$750,000,000 for each of fiscal years 2002 and 2003. Such sums shall remain available until expended.

"(g) *ALLOCATION OF FUNDS.*—

"(1) *FISCAL YEAR 2002.*—Subject to subsection (h), the Administrator shall use the amounts appropriated to carry out this section for fiscal year 2002 for making grants to municipalities and municipal entities under subsection (a)(2), in accordance with the criteria set forth in subsection (b).

"(2) *FISCAL YEAR 2003.*—Subject to subsection (h), the Administrator shall use the amounts appropriated to carry out this section for fiscal year 2003 as follows:

"(A) Not to exceed \$250,000,000 for making grants to municipalities and municipal entities under subsection (a)(2), in accordance with the criteria set forth in subsection (b).

"(B) All remaining amounts for making grants to States under subsection (a)(1), in accordance with a formula to be established by the Administrator, after providing notice and an opportunity for public comment, that allocates to each State a proportional share of such amounts based on the total needs of the State for municipal combined sewer overflow controls and sanitary sewer overflow controls identified in the most recent survey conducted pursuant to section 516(b)(1).

"(h) *ADMINISTRATIVE EXPENSES.*—Of the amounts appropriated to carry out this section for each fiscal year—

"(1) the Administrator may retain an amount not to exceed 1 percent for the reasonable and necessary costs of administering this section; and

"(2) the Administrator, or a State, may retain an amount not to exceed 4 percent of any grant made to a municipality or municipal entity under subsection (a), for the reasonable and necessary costs of administering the grant.

"(i) *REPORTS.*—Not later than December 31, 2003, and periodically thereafter, the Administrator shall transmit to Congress a report containing recommended funding levels for grants under this section. The recommended funding levels shall be sufficient to ensure the continued expeditious implementation of municipal combined sewer overflow and sanitary sewer overflow controls nationwide."

(d) *INFORMATION ON CSOS AND SSOS.*—

(1) *REPORT TO CONGRESS.*—Not later than 3 years after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall transmit to Congress a report summarizing—